

APR 11 '44

THE DEPARTMENT OF STATE BULLETIN

VOL. XI, NO. 265

JULY 23, 1944

PERIODICAL ROOM
GENERAL LIBRARY
UNIV. OF MICH

In this issue

EMERGENCY POWERS: SAFEGUARDS THROUGH POLICE
STANDARDS: *Address by Assistant Secretary Berle*

HOW TO GET RID OF WARTIME CONTROLS
Address by Charles P. Taft

THE USES OF VICTORY: *Address by Charles Bunn*

LIBERIA'S RELATIONS WITH THE UNITED STATES
By Henry S. Villard

AMERICAN ADVISERS IN PERSIA: *By George V. Allen*



THE DEPARTMENT OF STATE BULLETIN

VOL. XI • No. 265



PUBLICATION 2154

July 23, 1944

The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Research and Publication, Office of Public Information, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest is included.

Publications of the Department, cumulative lists of which are published at the end of each quarter, as well as legislative material in the field of international relations, are listed currently.

The BULLETIN, published with the approval of the Director of the Bureau of the Budget, is for sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., to whom all purchase orders, with accompanying remittance, should be sent. The subscription price is \$2.75 a year; a single copy is 10 cents.

Contents

AFRICA	Page
Liberia's Relations With the United States: By <i>Henry S. Villard</i>	102
AMERICAN REPUBLICS	
Visit of Chilean Educator	94
EUROPE	
Recent Developments in Germany: Statement by the Secretary of State	83
FAR EAST	
Resignation of the Tojo Cabinet in Japan: Statement by Joseph C. Grew	83
NEAR EAST	
American Advisers in Persia: By <i>George V. Allen</i>	88
ECONOMIC AFFAIRS	
Exploratory Talks on Post-War Rubber Problems	84
How To Get Rid of Wartime Controls: Address by Charles P. Taft	85
Petroleum Questions:	
United States and United Kingdom Delegations	93
Meeting of Petroleum Industry Representatives and State Department Officials	93
GENERAL	
Award of Distinguished Citizen Medal to the Secretary of State	94
POST-WAR MATTERS	
International Peace and Security Organization	84
The Uses of Victory: Address by Charles Bunn	95
Emergency Powers: Safeguards Through Police Standards: Address by Assistant Secretary Berle	99
TREATY INFORMATION	
Regulation of Inter-American Automotive Traffic	104
Protocol on the Regulation of Whaling	104
Inter-American Institute of Agricultural Sciences	104
Treaty of Amity, China and Liberia	104
THE DEPARTMENT	
Laurence Duggan To Leave Government Service	103
THE FOREIGN SERVICE	
Consular Offices	103
PUBLICATIONS	104
LEGISLATION	104

AUG 11 '44

Recent Developments in Germany

Statement by THE SECRETARY OF STATE

[Released to the press July 21]

In reply to a correspondent's request for comment on recent developments in Germany, the Secretary of State said:

"The attack on Hitler and his explanatory speech clearly indicate that a realization of Germany's impending defeat is spreading in the Reich. He and two of his most important military advisers have now denounced as criminal traitors a 'clique of former generals who had to be chased from their posts for a leadership as cowardly as it was incompetent.' Hitler has furthermore been compelled to remove the Chief of the German General Staff and to appoint his chief executioner, Heinrich Himmler, as Commander of the Army in Ger-

many. These frantic attempts to restore the apparent unity of the German Command illustrate the divergence of views between the Army and the party which has developed as a result of the steadily deteriorating military position of Germany. But no amount of internal reshuffling or repression by Himmler can conceal from the German people the fact that many German generals believe that Germany has lost the war.

"We should not let these apparent developments give rise to over-optimism. The fighting ahead will be hard and we should intensify our efforts here at home and make all the sooner and more certain the defeat of our enemies."

Resignation of the Tojo Cabinet in Japan

Statement by JOSEPH C. GREW¹

[Released to the press July 20]

The resignation of the Tojo Cabinet in Japan seems to me to imply three things: First, it is the clearest possible admission of unprecedented defeats sustained by the Japanese armed forces; second, it follows the usual Japanese pattern of the acceptance of personal responsibility for failures; third, it implies the necessity of bolstering a weakening morale on the part of the Japanese people by giving them something in the nature of a new government, although we do not know whether Tojo will reappear in it or not.

In this connection I would express a word of caution. In all probability the change of govern-

ment in Japan will entail no fundamental change of policy in fighting the war to the bitter end, for the old do-or-die fanatical spirit is deeply engrained in the Japanese race. It is also important to bear in mind that Tojo is only one of a group and is not a personal dictator in the European sense. The dictatorship is exercised by a group which is still in power. It would be short-sighted and dangerous to the full prosecution of our own war effort to allow this change to lull us into any wishful thinking or false optimism.

¹ Mr. Grew, former American Ambassador to Japan, is Director of the Office of Far Eastern Affairs, Department of State.

International Peace and Security Organization

[Released to the press July 17]

The Secretary of State made the following announcement on July 17:

"The four governments signatory to the Declaration of Moscow are agreed that informal conversations and exchanges of views on the general subject of an international security organization will soon begin in Washington, probably early in August.¹ It has been decided, following discussions with the other governments, that the first phase of the conversations will be between representatives of the United Kingdom, the United States, and the Soviet Union and that conversations on the same subject between representatives of the United States, the United Kingdom, and China will be carried on either at the same time or shortly thereafter. These conversations will be followed by discussions with the other United Nations."

[Released to the press July 19]

The informal conversations on the general nature of an international organization for the maintenance of peace and security will mainly be held at Dumbarton Oaks in Georgetown. The Department of State is gratified that through the courtesy of the trustees for Harvard University adequate facilities have been made available for these important conversations at Dumbarton Oaks during the period of the summer recess now taking place in the University.

Dumbarton Oaks was conveyed to Harvard University in 1940 by the Honorable and Mrs. Robert Woods Bliss and now constitutes a research library and collection of Harvard University. It is regularly used during the academic year by resident Harvard research scholars and fellows engaged in advanced study of Byzantine and medieval humanity. Mr. Bliss is a Special Assistant to the Secretary of State and formerly was United States Ambassador to the Republic of Argentina. The Department wishes to express its appreciation to Harvard University and to Mr. and Mrs. Bliss, who associated themselves with Harvard's action, for permitting Dumbarton Oaks to be used in connection with the foreign relations of the United States.

Exploratory Talks on Post-War Rubber Problems

[Released to the press July 18]

The Department of State has accepted an invitation to send officials to meet with officials of the Governments of the United Kingdom and the Netherlands to engage in exploratory talks as to the probable nature of post-war rubber problems, pertaining to both crude and synthetic rubber, with which these Governments may be confronted, and to draft a tentative program of studies to be made by officials of the three Governments as a basis for possible further discussions. Advantage will also be taken of the opportunity to discuss the desirability of establishing a committee to keep the crude and synthetic rubber situation under survey with a view to eventual consideration of post-war problems affecting rubber. The Department expects to send Mr. B. F. Haley, Chief of the Commodities Division, to London the latter part of July for this purpose.

These discussions are to be purely exploratory in character and the Department is prepared to engage in similar discussions with any other interested government as occasion may arise.

Mr. Haley will be accompanied by Mr. W. T. Phillips from his staff and by a group of advisers from the United States rubber industry and from other Government agencies interested in rubber or rubber substitutes. Mr. W. S. Lockwood from the American Embassy in London will participate in the talks as the Embassy's representative on rubber.

The advisers who will accompany Mr. Haley are:

- P. W. Litchfield, Chairman, Goodyear Tire and Rubber Company
- John L. Collyer, President, the B. F. Goodrich Company
- Harry E. Smith, General Manager, Manhattan Rubber Manufacturing Division of Raybestos-Manhattan, Incorporated
- H. Clay Johnson, Vice President, Rubber Reserve Corporation
- J. W. Bicknell, Executive Vice President, Rubber Development Company
- R. A. Gordon, U. S. Coordinator, Combined Raw Materials Board

¹ BULLETIN of June 3, 1944, p. 510, and June 17, 1944, p. 552.

How To Get Rid of Wartime Controls

Address by CHARLES P. TAFT¹

[Released to the press July 17]

Our business, industrial, and commercial relations are in a thoroughly planned and tightly controlled economy, organized for total war. The State Department is concerned with the implications for our foreign relations of these controls in so far as they affect our foreign trade. That is my job.

Our industrial production is limited to what is needed for war and basic civilian requirements. To get the maximum of what we have to have, materials are closely controlled, especially those that are strategic and scarce. Many we lacked entirely, and we have built up new industries to provide synthetic substitutes. Rubber is only the most spectacular one of many such samples.

The War Production Board divides up that part of the cake of scarce materials which involves industrial products, while the War Food Administration does the same for the products of agriculture, each covering what comes from the United States and what the United States gets from the outside. But of many foods and raw materials we produce a surplus—a surplus at least sufficient to meet more pressing needs from abroad—and after the American and British supply authorities in the Combined Food Board, the Combined Raw Materials Board, and the Combined Production and Resources Board recommend how much should go to other areas or come from them the United States allocating authorities, the War Production Board and the War Food Administration, allocate export items from our production.

Arms, ammunition, and implements of war are divided up and assigned by another combined United States-United Kingdom group, the Munitions Assignment Boards in Washington and London. This includes all airplanes, military and civilian.

The civilian part of these materials goes abroad only on export license, which may be a broad au-

thority that releases all of a particular kind of thing easily available or it may be an individual license for each shipment of a scarce commodity. Licenses are adjusted not only to allocations but to availability of shipping.

They go abroad for various purposes—either a direct war supply, or for the basic civilian economy of a nation whose production is essential to the war, or for incentive goods to get out some product like wild rubber or palm kernels from relatively backward areas, or as a trading item in economic warfare to induce a neutral to stop some important shipment to the enemy. On the receiving end these exports are usually subject to an import license in the country of destination.

Strategic materials from abroad, when really scarce, are controlled in various ways: by the import orders of the War Production Board which operate like the import license just mentioned, or by an agreement with the government of the country from which they come, which gives us the entire exportable surplus. And, of course, imports are limited by shipping considerations, just like exports. These government-to-government arrangements will also include a price schedule to avoid run-away markets for the buyer or inflation for the seller in its domestic market.

Another necessary result of shipping considerations is that it proves obviously more economical and efficient for the United States and the United Kingdom to ship some products in a different direction from the normal peacetime pattern of trade. New Zealand meat goes to Great Britain; coal takes various directions completely different from pre-war; Britain and ourselves supply the requirements of the Middle East, which used to be supplied from Europe; rubber production around the world is assigned solely on the basis of military needs and best available plants for its processing; and fats and oils are carefully placed where they are most needed.

Price considerations in a scarce article stop the United States and the United Kingdom from bidding against each other, and one or the other is

¹Delivered before the annual convention of the Federation of Business and Professional Women's Clubs, Inc., New York, N. Y., July 17, 1944. Mr. Taft is Director of the Office of Wartime Economic Affairs, Department of State.

given the job. So there you are with assignments of markets, price fixing, government purchasing between monopoly buyers and monopoly sellers, and quotas. We have arrived at a point in many commercial dealings that involve tight shipping or short supply which is straight state trading of a socialized economy. We had to, in order to save our national lives.

One further element is the exchange problem. Great Britain has supplied herself and fought the war with all her resources but also with the resources of the Colonies, the Dominions, and India—in a word, of the British Empire. This has been possible only by paying in pounds sterling and upon the conditions that the pounds shall be used in England only. Some day the creditors will want the blocked sterling pounds. England has a certain amount of dollars which she has to hoard in order to pay for what she has to buy in the United States over and above lend-lease. So that when our exporters want to send goods to some one of the empire areas, they can be paid in dollars only if the British Treasury has any extra. And our exporters, most of them, don't want pounds in London, for they have little they want to buy there.

How do we get out of those controls and back to the kind of free world we all want? When the war ends we know that the cessation of shooting ends the horrible waste that goes into the maw of destruction. In the course of time ships will be free and most shortages will be replaced by surpluses. But the trade controls will not stop automatically—that takes intelligent and directed effort, an effort that is not only essential but whose failure may destroy all our hopes for peace and freedom. In fact, these controls are economic warfare, and, in the end, as with Germany, they help to bring real war.

There is a well-spoken and sometimes bitter dissatisfaction with so much concern and talk about oil and gold and shipping, with factual situations, with so much bickering about trade and commerce and hauling and transportation. An appealing cry arises for a peace of ideas, represented by words like liberty, freedom, and democracy, revolutionary words never usable to protect an evil *status quo*. I can understand that point of view. When it is said that Karl Marx took God out of history, I cry, "No!" and say with Juárez that, while we are all profoundly affected by the way we earn

our living, great crises in history are decided in the end by ideas of liberty and justice.

But you can't separate ideas and words from the facts of life, especially from the economic status of nations. Nations must be governed through politicians, whose opportunity to govern at all must be dependent on the support of their people. Politicians are the salvage men of government. They come in after revolution and have to rebuild what is left. Hamilton, Adams, Jefferson, and Madison were that kind of politicians—with ideals, but with a realization that it takes time to achieve them, and a very keen understanding of the place of trade, industry, and finance.

On the other end from the idealistic and insufficiently political poet are the pessimists who say, "Oh, yes, the liberal trade policies of Secretary Hull are all right in theory, but in fact we are in for a world of barter, export and import controls, exchange management, and quotas. The elimination of trade barriers is our goal," they say, "but in the meantime we must have vigorous government protection for our business men abroad in the transition period."

All this is not only a rather condescending pat on the head for my chief, but it is in fact the kind of defeatism that lets the world slide back into the morass from which we are trying to pull ourselves. In addition to that, it contemplates a trade battle of giants between the United States and Great Britain, each government dealing through its traders in a great warfare of trade and commerce.

That program the Department of State cannot accept. The same kind of talk greeted the beginnings of the program of reciprocal trade agreements ten years ago. In spite of the same kind of opposition, the program worked and made the first intelligent and, on the whole, non-political reduction in trade barriers in our history, with a corresponding increase in beneficial exchanges of goods.

Now we need a similar act of faith, and Great Britain is the country whose support we must have in getting away from this economic warfare in trade controls. The rest of the world can manage with one great state trading nation (Russia), but not with two. There are very strong elements in the United Kingdom who feel that England must go to a barter economy after the war to save its very life. Others equally influential support

the trade policies which are the official program of this Government, with strong bipartisan support. But those who support our position are up against real problems in the United Kingdom after hostilities stop. I have spoken of the threatened avalanche of claims for blocked sterling in payment of war debts. Equally serious is the necessity for Britain to export in order to pay for the things they must have to live. Their imports are their lifeblood, which the Germans have tried in two wars to choke off by a submarine blockade, as Napoleon tried nearly a hundred and fifty years ago to choke England by a different kind of blockade. And they can only get that lifeblood by exporting their manufactures and services to pay for it. They are perfectly willing to get that support from us, which we can supply to a considerable degree; but we have to take their manufactures and services to get our pay for it.

The British are exporting now so far as it does not interfere with the war effort, just as we are, in order to reduce their mounting war costs, but what they ship out is 'way below pre-war, much farther below than United States trade. Our exporters think the British are jumping the gun, and their exporters are equally certain we are making it impossible for them to get back their markets.

Neither view is accurate. Equally wrong is the battle-of-giants theory. The place of governments is to see that their nationals are not discriminated against, but we have no business to make trade competition an argument between governments. One difficulty is that the private enterprisers themselves often want just that—a government intervention that gets them the contract.

Our first objective is to eliminate our trade controls as fast as they are no longer necessary for the prosecution of the war. Immediately that runs us into efforts of foreign countries to prevent wartime or transitional inflation, and their feeling that they must keep or put on new controls for that purpose. And some of the proposals for relaxation of controls mean more United States exports, and run into the dollar-exchange problem of England, who would have to release dollars to pay for this new trade.

So our second objective is to devise a system for prompt and friendly discussion, with the British especially, through which we can work out this basic transitional problem effectively and promptly.

But one of the most important objectives must be for each country to study sympathetically the financial and commercial problem of the other in the light of its own long-time interests and to work out measures in each country which can form the basis for world trade among them and the basis for approaches to the other trading nations for similar measures.

There are two theories of our relation to Great Britain in connection with the war. One is that this war is Britain's war, not ours really. We do want Britain to win, however, and so we give them the extra push, the extra men, the extra equipment and supplies to supplement their effort. We expect them to spend themselves empty—empty of vigor, empty of resources, empty of their young men's lives—while we spend only the supplement we give them that they need. Any surplus comes back to us. That theory seems to me profoundly immoral. It leads to argument about the percentage of Americans on some particular European front compared to British. It leads to demands for the control and domination of British finance after the war because they have used their resources and owe us the balance. It means the end of any Anglo-American friendship and collaboration.

The other theory is that we are partners. That reflects our actual operations. We have pooled our resources and our men and we try to share the destruction and wastage of war, because we are engaged in a common effort to maintain the elements of our civilization, in which we cooperate even in matters of mutual irritability. Yes, there are evil things in our civilization, and certainly there are events in the history of both countries which do not live up to our best ideals. Some of our allies may have a different political tradition. But our two countries have in different ways built up the content of the democratic ideal for human existence, and our common opponents in this war have dragged it down and threatened our own existence. Individuals from each of our nations are short-sighted and irritating to the other nation, but our past and our future are inextricably linked.

We must win this war together, and we must work together in political and economic matters for a peaceful world of commerce and friendship and sound standards of living for ourselves and for all others whom we can help to rise.

American Advisers in Persia

By GEORGE V. ALLEN¹

The American public is not generally aware that at present nearly seventy-five highly qualified American citizens are employed in Persia² by the Persian Government or are lent to the Persian Government by the Government of the United States. These Americans are devoting their full energies to advising and aiding in the administration of that country. At the urgent request of the Persian Government, the present American advisory program in Persia began two years ago; and, in spite of many difficulties, it has been gathering momentum.

For the third time during the past generation the Persian Government, faced with a critical economic and political situation, has turned to the United States for advisers. The reason that the Persians have looked to America for help was clearly expressed in a note, containing the following paragraphs, which the then Persian Minister in Washington, the distinguished statesman Hossein Ala (now Minister of the Court to the Shah) sent to the Secretary of State on February 21, 1924:

"In the first place, my Government reiterate the sentiments expressed in a memorandum I had the honor of handing you shortly after my arrival in Washington on September 15, 1921, namely, that the Persian Government and people have always recognized the altruism and impartiality which distinguish the American Government and people. They particularly appreciate the concern of the United States for fair play, for the respect of the independence of the smaller nations and for the maintenance of the economic open door.

"It was because of their implicit faith in the lofty ideals and trusted friendship of America that my Government, over a year ago, confided the reorganization of their finances to American advisers

and have consistently courted the technical and financial cooperation of this country in the industrial and economic development of Persia."

In 1911 Americans were invited for the first time to serve as advisers to the Government of Persia. The difficulties which Persia faced at that time resulted from events which followed the revolution of 1906, when absolutism in Persia was overthrown and a popular demand for a constitution and an elected parliament was granted.

Close on the heels of the establishment of a constitutional monarchy came the famous Anglo-Russian treaty of 1907 which, in effect, partitioned Persia into British and Russian spheres of influence. Its first provision contained a declaration of mutual respect, on the part of Russia and of Great Britain, for the integrity and sovereignty of Persia. The British Government agreed not to support the efforts of any British subject to obtain concessions in the northern part of Persia; the Tsarist Government agreed, in similar manner, with regard to the obtaining by Russian subjects of concessions in the southern portion of the country.

During this time Persia was struggling to make her newly created democratic institutions function. Buffeted by strong internal and external pressures, the Persian officials turned to the United States for help. Reorganization of the government finances was the most important need. Mr. W. Morgan Shuster, a well-known American economist and financial expert, was employed for this purpose. Late in 1911 he left the United States for Persia, accompanied by his wife and four or five well qualified assistants. Mr. and Mrs. Shuster made the arduous voyage by the way of Odessa, across the Black Sea to Batum, across the Caucasus to Baku, down the Caspian by boat, and overland from the southern shores of the Caspian to Tehran.

The Persian Government and people accorded Mr. Shuster and his group of advisers an enthusiastic welcome, but the foreign diplomats in Tehran regarded them with skepticism and even with hostility. The experienced British Legation thought that Mr. Shuster's announced program of creating a strong and stable Persia was impossible. The

¹The author of this article is Chief of the Division of Middle Eastern Affairs, Office of Near Eastern and African Affairs, Department of State.

²Shortly after Shah Reza assumed power in 1925, he decreed that the country should be known as Iran. Following the return of the constitutional government in 1941, the Foreign Office announced that the name Persia would again be permitted. This terminology has been used throughout the present article to avoid confusion.

Tsarist Legation definitely opposed any measures designed to strengthen the Government.

Mr. Shuster's actions from the first were those of a man who considered himself an official of the Persian Government and responsible to no one else. This attitude greatly displeased the diplomatic corps. The legations of Great Britain and Russia were frequently more powerful than the Persian Government itself, not only in influence but also in actual physical force. Large numbers of legation guards were maintained, and additional foreign troops were within call. It was the custom that any distinguished foreigner who visited Persia should call first at the foreign legations. Mr. Shuster, by refusing to make the initial call, defied convention in order to demonstrate his attitude as an official of an independent Persian Government.

He soon found, on entering upon his duties, that the principal necessity that would bring any sort of order to Persian finances was the development of a strong rural police force, or gendarmerie, to maintain order in the provinces and to collect taxes and grain. Although many difficulties beset Mr. Shuster during the eight months he remained in Persia, the quarrel over the gendarmerie proved the ultimate cause for his being forced out of the country.

For the work of training the gendarmes Mr. Shuster decided to use an experienced British soldier, a Major Stokes, who had seen much service in India and in Persia and who could speak Persian well. Mr. Shuster insisted that the gendarmes must operate throughout Persia. The Russian Minister insisted that the employment by the Persian Government of a British subject who would have authority in the northern zone was contrary to the spirit of the Anglo-Russian treaty of 1907. Mr. Shuster referred to the provision in the treaty respecting Persian sovereignty and asked the British Government to support the Persian claim that a British or any other foreign officer could work for Persia anywhere in the country. Sir Edward Grey, the British Foreign Minister, had other fish to fry at the moment. His country's foreign policy, in preparation for defense against the rising power of Germany in Europe, called for a friendly Russia. To Mr. Shuster's great astonishment, Sir Edward not only declined to support the Persian interpretation of the treaty but also declared in the House of Commons that he likewise regarded the employment of a

British subject in northern Persia as contrary to the spirit of the 1907 treaty. With this green light, the Tsarist Minister in Tehran delivered an ultimatum to the Persian Government, demanding Mr. Shuster's expulsion within 48 hours. Tsarist troops promptly moved into northern Persia and a Cossack regiment shortly reached Tehran. Mr. Shuster and his party were forced to leave the country. Thus ended ingloriously the first American advisory program in Persia.

Following the first World War, during which Persian soil was a battleground between Russian and Turkish troops, the Persian Government again reached the stage of near collapse. About one third of the Persian people are said to have starved during the period from 1915 to 1921. Again the Persians called on America for advisers. Dr. Arthur C. Millspaugh, Economic Adviser to the Secretary of State, and a group of seven or eight assistants were employed. Dr. Millspaugh was designated Director General of Persian finances and was given wide powers of control. His group remained in Persia for five years, 1922-27. Although facing many vicissitudes and often seemingly insuperable difficulties, they served admirably to bring order out of chaos and strength to the Persian Government. If it had not been for the organization set up by the Millspaugh mission during these years, it is doubtful whether Persia could have constructed the expensive trans-Persian railway over which hundreds of thousands of tons of supplies have been sent to Russia during the present war.

When Dr. Millspaugh first went to Persia, the most important figure in the Government was the Minister of War, Reza Khan. Although Reza was imperious by nature and strongly nationalistic, he sent a prompt welcome to the Americans and gave full support to Dr. Millspaugh. With Reza's assistance, Dr. Millspaugh organized a gendarmerie which could be used to collect taxes and grain and to suppress fraud and corruption.

In 1923 Reza became Prime Minister; in 1925 he crowned himself as Shah-in-Shah. Following this event Reza's policy became more and more nationalistic. Along with many westernized reforms, he instituted a program of opposition to all foreigners. His official designation of the name of the country as Iran was merely one indication of this policy. Only a very limited number of Persian officials were permitted to have any social

relations with foreigners. Reza continued, however, to rely on the help of Dr. Millspaugh and his American group for two more years. An eventual difference of viewpoint between a strong-willed dictator and an American citizen was inevitable. The quarrel came over the allotment of funds for the Army: Reza wanted to devote a very high percentage of the revenue to the Army, while Dr. Millspaugh felt that the needs of health and education should be respected. In 1927, after five years of strenuous effort on behalf of Persia, the Americans, by mutual consent, withdrew.

The present advisory program in Persia dates from January 1943. The situation which caused the Persians once again to request American advisers resulted from the political and economic impact of the present war on Persia. During 1941 the Soviet and British Governments found it necessary, in the face of German threats to the Suez Canal, to send troops into Persia to expel German agents and to open a corridor between the two Allies. Reza Shah's increasingly tyrannical methods during the last years of his reign made him highly unpopular with his own people. When foreign troops were able to enter the country practically unopposed by the Persian Army, the Persians realized that Reza's Government had become a hollow shell. Amid the rejoicing of his subjects, Reza's power collapsed. He was expelled from the country, and his 22-year-old son, Mohammed Reza, was placed on the throne. After almost two decades of one-man rule, constitutionalism returned to Persia. The Persians had to start over again in their efforts to develop democratic institutions. The Persian Government, whose treasury cupboard was again bare, requested the Department of State to recommend Americans who might be employed as advisers.

FINANCIAL AND ECONOMIC MISSION

Dr. Millspaugh was working at the Brookings Institution in Washington, but, at the age of 62, he accepted the Persian Government's request to return to Persia to resume the work interrupted in 1927.¹

Before undertaking the assignment Dr. Millspaugh insisted upon being given specific operational authority, not only in the financial but also in the economic sphere. He urged strict governmental regulation of grain collection, prices, transportation, and distribution; he demanded the en-

actment of a high, graduated income tax to combat inflation and other wartime evils. He pointed out that Persia, like all other belligerent countries, would have to take drastic economic measures to meet the situation. After strenuous debate the Majlis² agreed to his full program, including authorization for the employment of 60 Americans to supervise its implementation. Most of these officials, who include many highly experienced men, have been recruited and are now in Persia.

The Majlis conferred on Dr. Millspaugh plenary powers that give him authority over the more important governmental activities involving finance and economy. In his capacity as Administrator General of Finances, Dr. Millspaugh directs the financial operations of the Government, draws up budgets, supervises the operations of the Ministry of Finance, controls the inspection department, and governs the activities of the Americans and Persians who represent the Ministry of Finance in the provincial capitals. His principal assistants in this field are Mr. W. K. LeCount as Treasurer General, Mr. Harold Gresham as Director General of Customs, Mr. Rex A. Pixley as Director General of Internal Revenue, and Mr. William Brownrigg as Director General of Personnel.

In the economic field Dr. Millspaugh is responsible for varied and demanding governmental functions, one of the most important of which is performed by the Cereals and Bread Section of the Ministry of Finance, headed by Dr. Albert G. Black, who was until recently Governor of the Farm Credit Association in Washington. This Section has charge of the collection of the harvests and of furnishing the supply of bread for the urban centers.

Another function is carried on by a department, headed by Mr. George T. Hudson of Wenatchee, Washington, which controls the Government's public domains and the operation and disposition of the vast estates that the Shah Reza at the time of his abdication ceded to the Government. Control of the Government's factories and industrial establishments, many of which the Shah Reza on his departure similarly ceded to the Government, is under Mr. Rex Vivian as Director General of Industrial Supervision.

In the realm of the purchase, distribution, and control of goods, the duties of the Millspaugh mis-

¹ BULLETIN of Dec. 5, 1942, p. 984.

² The Persian Parliament.

sion are no less wide and exacting. The principal Departments that have charge of this kind of work are the Section of Price Stabilization, headed by Mr. Bernard I. Lamb of New Jersey, the State Supply and Service Corporation, whose chief is Mr. C. Irving Hansen of Washington, D.C., and the Section of Distribution, in charge of Mr. Esmond S. Ferguson of New Jersey.

Because road transport is the key to a large part of Persia's supply problem this field has also come under Dr. Millspaugh's jurisdiction. The Road Transport Department, headed by Mr. Floyd F. Shields of Chicago, controls the movement of all kinds of goods over Persian highways. In this work Mr. Shields has had the assistance of some 50 British and American army officers and men lent to him by the military authorities. Another Department of the Millspaugh mission, the Transport Priorities Office, which is headed by Mr. Fred A. Schuckman of New Jersey, determines priorities for all goods moved by road, rail, or other means of transport.

Unfortunately, the Millspaugh mission has recently been under attack in the Persian press and Majlis. Accusations have been made that the American advisers have not accomplished the results expected and that Dr. Millspaugh's powers are too extensive for any individual to execute. Dr. Millspaugh has pointed out that he has had insufficient opportunity to bring the full program into force. An agreement, however, was reached late in June 1944 under which the mission will continue to function for a further period of three months, in order that measures already instituted may have an opportunity to take effect.

GENDARMERIE

In addition to the large Millspaugh mission, several other groups of Americans are assisting the Persian Government in various fields of activity. Col. H. Norman Schwarzkopf, former director of rural police for the State of New Jersey, popularly known in America for his outstanding work in the Lindbergh kidnaping case and recognized in the profession as a leading American authority on rural police, has been in Persia for the past two years as director of the Persian gendarmerie. Lt. Col. P. T. Boone of the United States Army and several other Americans assist Colonel Schwarzkopf. They are attempting to create an elite corps of rural police that will be able to enforce the police powers of the central govern-

ment throughout the rural and tribal areas of Persia.

MILITARY

The young Shah is particularly interested in strengthening the Army and is supporting it strongly. The United States Army has lent Maj. Gen. C. S. Ridley to the Persian Government to reorganize the supply services of the Persian Army. Eighteen United States Army officers are attached to his staff. Under wartime conditions their job is a slow and difficult one. Shortages of military supplies and the demands of the war fronts add to the difficulties of equipping and reorganizing an army whose principal task is not to fight the Axis (although Persia has declared war on Germany and on Japan) but to get ready to take over in Persia when American, British, and Russian troops leave the country.

POLICE

Two years ago the responsibility for reorganizing the city police of Tehran and the other principal municipalities was entrusted to Mr. L. S. Timmerman, an experienced police official who established a high reputation for police administration in New York and in other American cities and who was recommended to Persia by the American Institute of Public Administration. Mr. Timmerman's death in Tehran on May 20, 1944 seriously impaired the American advisory program in Persia.

PUBLIC HEALTH

Dr. Bennett Avery, an American public-health specialist, former professor at the American University at Beirut and more recently Dean of the Medical School at Boston University, has recently arrived in Tehran to serve as adviser to the Persian Ministry of Public Health. His task, directed generally toward raising the health standards of the country, is a particularly heavy one that involves control of epidemic and endemic diseases and the establishment of clinics—of special interest is the establishment of motorized units in rural areas. In this work he has had the strong support of the Shah and of the Persian Government, which has long recognized the extreme importance of public-health work and which in recent years has made considerable progress in this field. One of Dr. Avery's most immediate tasks is the control of typhus which, while endemic in the country, has broken out in the last two years

in serious epidemic form. It is encouraging that the incidence of this disease has greatly decreased in recent months. In the general field of public-health work another American adviser, Mr. Harvey V. Stokely, formerly a Parke-Davis representative in China, is head of the Iranian Pharmaceutical Institute, which supervises the import, warehousing, and distribution of pharmaceutical supplies. His efforts and the support of the Middle East Supply Center have assured Persia of its pharmaceutical needs.

Professor Luther Winsor, of Utah, a prominent authority on soil erosion and irrigation, is an adviser to the Persian Government on irrigation matters. The importance of his work can hardly be exaggerated in view of the fact that nearly all agriculture in Persia depends on irrigation. Professor Winsor, whose work has taken him all over Persia, is devising new methods of irrigation and is also endeavoring to revive the age-old irrigation systems which once supported a much more populous country and which have over a period of centuries fallen into decay. He is interested in increasing the flow of the unique *ganat* systems of the country, which furnish water for cities as well as for irrigation. A *ganat* is an underground stream fed in the foothills by deep mother wells, the channel of which is constructed so that it comes to the surface where the water is required.

PETROLEUM

The Persian Government recently requested the American authorities to recommend experts who could advise Persia on petroleum matters. Two distinguished American petroleum engineers, Mr. Herbert Hoover, Jr., and Mr. A. A. Curtice, have been employed by the Persian Government for this purpose and have departed for Persia to undertake this work. They will give immediate attention to the question of applications pending for petroleum concessions in Persia and will subsequently make recommendations regarding basic petroleum legislation and administration.

EDUCATION

The Persian Ministry of Education is endeavoring to obtain a group of four or five leading American educators to make a survey of Persia's educational institutions and methods and to make recommendations for their improvement. Dr. Paul Monroe, of Columbia University, was requested to head the mission, but he will not be able to under-

take the task. He and the Persian Government have been fortunate, however, in eliciting the interest and cooperation of Dr. Edward C. Elliott, president of Purdue University, who has consented to head the mission whenever it may be possible to undertake the project. Dr. Harold B. Allen, of the Near East Foundation, was expected to be a member of the educational mission, but the need for prompt action in his field, agricultural experimentation, was so pressing that he went to Persia in the fall of 1943 to survey the agricultural education and experimentation needs. That survey has now been completed.

The various American advisory missions in Persia are an important implementation of the American Government's policy of assistance to that country. At the Tehran Conference President Roosevelt, Mr. Churchill, and Marshal Stalin signed, on December 1, 1943, a declaration assuring Persia of the intention of the three powers to aid in strengthening Persia's economy and to overcome to the extent feasible the internal disruptions caused by the impact of the war.¹

American advisers in Persia are serving both a wartime and a peacetime purpose. They are aiding in the orderly and stable administration of an area which has been and still remains vital to the Allied war effort, since Persia is the pivotal sector of the route over which passes a large part of the American supplies to Soviet Russia. Considerable numbers of American, Russian, and British troops are stationed in Persia to facilitate the passage of these supplies. Only in Persia do the troops of the three principal Allied nations associate daily with each other. The stability of the country and the development of its food and other resources has a direct bearing on the functioning of Allied troops and on the efficiency of their operations. Our advisers to the Persian Government are contributing notably both to the orderliness and to the productivity of this military supply area.

Our advisers, furthermore, are aiding the Persians to place on a solid foundation for peacetime purposes their administrative machinery, their army and gendarmerie and their health and agricultural services, in preparation for the withdrawal of foreign troops from Persia after the war and the assumption by the Persian Govern-

(Continued on next page)

¹ BULLETIN of Dec. 11, 1943, p. 409.

Petroleum Questions

UNITED STATES AND UNITED KINGDOM DELEGATIONS

[Released to the press July 21]

Conversations on petroleum between the Governments of the United States and the United Kingdom will be initiated in the Department of State on Tuesday, July 25, 1944 with a joint session of a Cabinet Committee under the chairmanship of Secretary Hull representing the Government of the United States and a Ministerial Committee headed by Lord Beaverbrook representing the Government of the United Kingdom.¹

UNITED STATES DELEGATION:

The Honorable Cordell Hull, Secretary of State, *Chairman*

The Honorable Harold L. Ickes, Petroleum Administrator for War, *Vice Chairman*

The Honorable James V. Forrestal, Secretary of the Navy

The Honorable Robert P. Patterson, Under Secretary of War

The Honorable Leo Crowley, Foreign Economic Administrator

Mr. Charles E. Wilson, Vice Chairman, War Production Board

Mr. Ralph K. Davies, Deputy Petroleum Administrator for War

Mr. Charles Rayner, Petroleum Adviser, Department of State

Mr. Harry C. Hawkins, Director, Office of Economic Affairs, Department of State, *Adviser to the United States Delegation*

Mr. James C. Sappington, Assistant Chief, Petroleum Division, Department of State, *Executive Secretary of the United States Delegation*

Mr. John A. Loftus, Petroleum Division, Department of State, *Recording Secretary of the United States Delegation*

UNITED KINGDOM DELEGATION:

The Right Honorable Lord Beaverbrook, Lord Privy Seal, *Head of Delegation*

The Right Honorable Richard Law, Minister of State

The Right Honorable Geoffrey Lloyd, Parliamentary Secretary to the Ministry of Fuel and Power.

Mr. Ralph Assheton, Financial Secretary to the Treasury

Sir William Brown, *Chief Technical Adviser to the United Kingdom Delegation*

Mr. Victor Butler, *Secretary of the United Kingdom Delegation*

¹ BULLETIN of July 16, 1944, p. 62.

² BULLETIN of Apr. 22, 1944, p. 372.

The British Delegation arrived in Washington on July 21.

It will be recalled that petroleum discussions, preliminary to the conversations which will begin July 25, were held in Washington from April 18 to May 3 between groups of experts representing the two Governments.²

MEETING OF PETROLEUM INDUSTRY REPRESENTATIVES AND STATE DEPARTMENT OFFICIALS

[Released to the press July 19]

Representatives of the petroleum industry interested in the production of butadiene, a basic material for making synthetic rubber, have been invited to meet with State Department officials in connection with the forthcoming exploratory rubber talks with the British and Dutch. The meeting scheduled July 19 was designed to acquaint members of the petroleum industry with the Department's plans with regard to the rubber talks so that they may be kept informed of current rubber developments.

The industry representatives who were invited to attend the meeting are:

Mr. M. J. Rathbone, Standard Oil Company of New Jersey

Mr. H. A. Trawler, Phillips Oil Company

Col. J. F. Drake, Gulf Oil Corporation

Mr. E. W. Isom, Sinclair Refining Company

Mr. W. S. S. Rodgers, the Texas Corporation

Mr. W. R. Boyd, Jr., Petroleum Industry War Council

Mr. W. D. Crampton, Director, Foreign Division, Petroleum Administration for War

PERSIA—Continued from p. 92

ment of full responsibility for internal security and public welfare.

The situation in Persia today is in one striking respect better than it has been for many years: close collaboration is maintained among the representatives of the United States, Great Britain, and Russia in Tehran. British and Russian policies are similar to the American one in that all three desire to see a strong Persia, capable of maintaining peace and order in the country after the war.

Award of Distinguished Citizen Medal to the Secretary of State

[Released to the press July 18]

The text of a letter dated July 18, 1944 to the Secretary of State from the Commander in Chief of the Veterans of Foreign Wars of the United States follows:

"DEAR MR. HULL:

"In recognition of your outstanding service as Secretary of State, and your long and illustrious career in the Congress of the United States and the Tennessee Legislature, as well as your service with the Fourth Regiment Tennessee Volunteer Infantry during the Spanish-American War, the Veterans of Foreign Wars of the United States has awarded you the highest decoration within its power to confer, the V. F. W. Citizenship Medal.

"Your devotion to duty, your deep sense of responsibility of the trust imposed in you, your practical wisdom, and your human sympathy and kindness have been an inspiration to all Americans.

"As Commander-in-Chief of the Veterans of Foreign Wars of the United States, it is my honor and privilege to herewith present to you this Citizenship Medal, and let me convey to you the earnest wishes of the membership of our organization for your continued good health and success.

"Sincerely yours,

CARL J. SCHOENINGER"

The remarks of the Secretary of State, upon being presented the United States Distinguished Citizen Medal of the Veterans of Foreign Wars, follow:

"I deeply appreciate the honor of having been selected by the Veterans of Foreign Wars to receive their Distinguished Citizen Medal. This honor I doubly cherish as it comes from an organization of former soldiers who have gallantly served their country. Although the ties which bind your members were formed by sharing the experience of war, you have long been interested

in methods for protecting our country and keeping it at peace.

"The American people do not glorify war. We do not embrace it as a way of life. But if our freedom is threatened, we will fight hard and gloriously and with all our resources for its preservation. In this hour of war it is highly fitting that we look ahead to the days of peace and to ways and means of insuring against the outbreak of another world catastrophe.

"Your action in bestowing this medal is in effect an expression of confidence in the Department of State, which bears a large share of responsibility for advancing plans to maintain peace and security. I am grateful to you and your associates for the confidence which your action bespeaks."

Visit of Chilean Educator

Señor Oscar A. Gacitúa, specialist in industrial education, who is also vice president of the Rotary Club at Concepción, Chile, and who was Mayor of that city when Vice President Wallace visited it on his South American trip last year, has arrived in Washington to begin a tour of observation of industrial and trade schools. Señor Gacitúa, a guest of the Department of State, is Assistant Director of the Industrial School at Concepción, a post which he had held since 1938. He is interested especially in seeing some of our most modern technical high schools and advanced trade schools, including those operated as private enterprises by factories.

Industrial education in Chile, according to Señor Gacitúa, is constantly growing in importance and usefulness. About 10,000 students are enrolled in the industrial schools and schools for artisans. The Government offers a trade-school course after the completion of the sixth grade. This may be followed by courses in technical training and then by studies that lead to the degree of industrial engineer.

The Uses of Victory

Address by CHARLES BUNN¹

[Released to the press July 21]

The main prize of an Allied victory will be a limited and temporary power, shared with the other members of the United Nations, to establish the kind of world we want to live in.

The power will be limited by what exists, by what can be agreed on, and by what has already been done during the war. Human institutions are conservative, only within limits can they be moved by conscious choice; for the most part statesmen have to function, like the judge described by Mr. Justice Holmes, within the interstices of what is possible.

The power of major change is also temporary, and if not used wisely it may not recur. Mr. Churchill has described in moving words what happened to the influence of the Big Four during the progress of the peace conference of 1919 at Paris. Apparently omnipotent when they sat down, before they rose they had been weakened by the demobilization of the armies, by the scrapping of the common war controls, by their own disagreements with each other, and by withdrawal of political support at home. It is essential this time that the leaders of the United Nations, when the great chance comes, be able to act promptly, in agreement, and with wisdom.

Preparation is much better this time than it was in 1918. President Wilson's Fourteen Points were not an Allied program. They had not even been much discussed in the United States before they were announced. This time discussion has been very active, important United Nations meetings have occurred, things looking to the peace have been done during the war, and a large body of agreement on the basis of the future already exists within the partnership of the United Nations.

The main things that the United Nations want are clear, and are agreed on. They want national independence, a reliably secure peace, and a widely shared prosperity and liberty. The main debate from here on in is how to make these things come true.

Part of that debate is over. The four-power declaration of Moscow, October 30, 1943, the al-

most unanimous resolution of the United States Senate six days later, and the Fulbright resolution in the House of Representatives a month before have recorded an agreement on some of the main points. Paragraph 4 of the four-power declaration, and the corresponding paragraph of the Senate resolution, read as follows:

"4. That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security."

Clearly this represents decision on four major propositions:

First. Peace and security are no longer to be sought by each nation acting for itself. There is to be a "general international organization" for that purpose.

Second. The organization is not to be regional in character, but "general". This of course does not exclude European or American or other regional sub-groupings within the larger framework.

Third. The organization is not to be limited to the big powers. It is to be "open to membership by all such (that is, all peace-loving) states, large and small". The hope obviously is that all will ultimately wish to join.

And *Fourth.* The organization is not to be a supergovernment. It is to be "based on the principle of the sovereign equality (that is to say, the independence) of all peace-loving states". President Roosevelt made this even more clear in his statement of June 15 last. "We are not thinking", he then said, "of a superstate with its own police forces and other paraphernalia of coercive power. We are seeking effective agreement and arrangements through which the nations would maintain, according to their capacities, adequate forces to meet the needs of preventing war and

¹Delivered before the Foreign Policy Association, Atlanta, Ga., July 21, 1944. Mr. Bunn is Consultant in the Division of Commercial Policy, Office of Economic Affairs, Department of State.

of making impossible deliberate preparation for war and to have such forces available for joint action when necessary."

The proposition is, in short, to maintain peace and security in a world of many independent nations by the common action of those nations working together in a partnership. The remaining questions are the proper structure of the partnership, the jobs which it will have to undertake, and the action which is needed by individual countries, including our own, to give the agreed program the best hope of success.

Structure I shall not discuss. It is, I think, more useful at this stage to talk about the jobs which the partnership of many nations will have to undertake. When the jobs are clearly seen, the organization most appropriate to work at them will follow in due course.

The stated purpose of the partnership is to maintain security and peace. How is peace maintained in every city? By the police of course, but back of the police by the acceptance of the rules by the very great majority of citizens. If that did not reliably exist we could not live together.

Why do we accept the rules? Because we think that they are generally fair, because we have a hand in making them, because we trust the judges to give justice, and because the things we do together through our governments—the streets and schools and fire protection and the rest—are of great practical importance to us all.

Over independent nations there is no police in the sense we know it in our cities. There is no armed force, that is, responsible to the community alone, and obviously greater in its power than anything that can be brought against it. There is in fact no *international* armed force at all; the armed forces that exist obey their independent national governments. This being so, the other forces and the other institutions that bring peoples together in cooperative effort are even more important between independent nations than they are within each nation.

To bring this down to earth, it is quite clear that if a partnership of independent nations is to work it will have to have effective institutions of justice under law, of fair and equal settlement of all kinds of disputes, of peaceful change, and of practical cooperation on all kinds of useful projects. Unless we work together with success in practical affairs of everyday importance, and keep on doing so for

a long time, there is very little chance that we will trust each other well enough to stand together and to work together in a crisis. The common use of independent forces to prevent a new aggression 25 years hence depends on men's wills then; and the presence of the necessary unity of will, so far as one can see ahead, depends mostly on how well we work together in the meantime.

Working together among the United Nations upon practical affairs has got off to a remarkably good start during this war, much better than it did in 1917-1918. The United Nations commanders and their staffs in many theaters, the common planning by the chiefs of staff, the common work on communications and supply, the great programs of lend-lease and mutual aid in all directions, the partnership in ocean transport, all have taught us and are teaching us to work together. And we are starting the same thing on peacetime projects. The United Nations Conference on Food and Agriculture at Hot Springs, Virginia, more than a year ago; the organization of the United Nations Relief and Rehabilitation Administration last November; and the first session of its Council at Atlantic City in the same month; the more recent general meeting of the International Labor Organization in Philadelphia; and the United Nations Monetary Conference at Bretton Woods just coming to a close—these are important milestones of practical cooperation. Anyone who will examine the proceedings and results of those four meetings will discover a wide measure of agreement, among the experts of the United Nations as a whole, upon the general principles for dealing with an imposing list of important practical affairs, and will find also the beginning, and in some cases much more than the beginning, of actual and substantial work together on a common program. Nothing at all like this existed during the last war. Its presence now, with the obvious support of many governments and peoples, is the best hope we have that we shall be able to do a better job this time than we did last.

The Monetary Conference at Bretton Woods is a first-rate practical example of the United Nations partnership at work.

The Conference is called to deal with the relations between different moneys. There are of course many kinds of money in the world; there have been for a long time and there no doubt will be as far as we can see ahead. Therefore, every

transaction across national frontiers, every deal of any kind between two business men in different countries, means that one of them or the other must contract in a kind of money that is foreign to his ordinary operations. If the foreign money has a value that is stable with his own, this is not a serious matter. He must merely make the necessary computations. But if the foreign money is not stable with his own, if he has no way of knowing whether the relationship when settlement falls due will be the same as at the date of contract, then it is impossible to figure with assurance; and if he tries to figure, and contracts on the basis of the best guess he can make, he may run into staggering losses. All of us know people who in the years between the wars, trying not to gamble in exchanges, but merely to conduct legitimate transactions across national frontiers, found themselves with gamblers' gains or gamblers' losses.

We had a very similar situation here in the United States a hundred years ago. You will remember—I mean in the history books—that at that time our currency consisted chiefly of the circulating notes of individual State banks, backed in each case by the assets of the bank that issued them. Some of the banks were sound and were well known, and the money that they issued was very good indeed; other banks were not so sound or not known at a distance, and their notes might take a discount. And the discounts varied, both with time and place.

Let us say that under those conditions a merchant in Atlanta sold a bill of goods, say, in Milwaukee, and got paid in good Milwaukee dollars, issued by a good Milwaukee bank. If he wanted to spend the dollars in Milwaukee, well and good, they were worth 100 cents. But if he sought to spend them in Chicago he might find that they were not worth more than 90, in St. Louis 85, in New Orleans 63, and so on and so on. And the rates of discount varied, for each bank, from one week to the next. It is hard to see how anyone could carry on much business at a distance under any such conditions.

The system was intolerable. Fortunately we had a National Government, with a Congress that had power, under the Constitution, "to coin money and regulate the value thereof". Congress finally took action. First, it taxed State bank notes out of existence. Second, it created a uniform system of national currency which, in various forms, we

have had ever since. Under that single system we can travel, or make contracts, or loan or borrow money, or sell goods, or rent an apartment or a building anywhere in the United States, without looking up the local money, and without constant worry about its exchange relation with our own. It is our own, the same we use at home. Nothing has made a greater contribution to the business greatness of this country.

Congress could do this for us, by a law, because it is the legislative organ of a single National Government and is superior, upon this subject, to the legislative bodies of the States. Between independent nations there is no single Government and no single and overriding legislative power. Therefore, between independent nations, what Congress did for us by law can be done only by agreement. Hence the conference at Bretton Woods. What emerges from that conference cannot be an overriding law. The conference has no such power. And it cannot be a single money. Independent nations will each continue to issue their own money. What should emerge, if we are lucky, is a workable agreement and an effective institution designed to keep our several moneys stable with each other and interchangeable at rates which do not vary much with time. Then if I sell a bill of goods in London I can spend the proceeds, if I want to, in Shanghai or in Rio or leave them in a bank in London without running gamblers' chances.

The technical proposals of the Conference will be published very shortly. It will then be for governments, in this country for the President and Congress, to consider and act on them. Laymen like myself may find it hard to judge between the various proposals. But even a layman can see clearly that the job has to be done.

But the agreement upon money and investment, however technically perfect, is only the first step. We can't eat money or wear it or build houses of it. Money is to buy things with, and if the international stability of money is to do us any good the other things that hamper trade across national frontiers must equally be dealt with.

In this also our own history is not without instruction. You will remember that one of the things that brought about the Constitutional Convention was the hostile action of several of the States against each others' commerce. The framers clearly saw that if this kind of thing went on there was little chance for general pros-

perity, and a good chance for open war. Accordingly the new National authority which they proposed was given power, to the exclusion of the States, not only over commerce with foreign nations but over commerce between the States themselves. The Commerce Clause of the Constitution, and its vigorous enforcement by the Supreme Court of the United States for the last hundred years and more, has done as much as any act of Government to make us a united nation and to permit us to grow prosperous. It is quite true that the Commerce Clause has not ended all State-created barriers to trade. But the fact remains that in most lines, under the Commerce Clause and its enforcement, we have achieved a truly national market with great resulting benefit to all of us. We have accomplished this, by law, because the creators of our Constitution were intelligent enough to provide for a single National authority, supreme within this field. The United Nations are not so fortunately situated. They have no central Government; and no one of them is willing—certainly we are not willing—to surrender our control of tariffs and the like to any international authority. What our ancestors did for the United States by constitutional provision the United Nations must attempt—so far as it is practical and wise—by negotiation and agreement. The next economic item on the working program of the United Nations peacetime partnership must be a thorough going-over of the whole complicated system of government-created barriers to trade, with a view to their reduction all around.

It must be emphasized that no country and no single Government can do much about this job alone. The barriers to be reduced are imposed by many countries. Common action is essential to reduce them. In the years between the wars a good many individual countries worked hand in hand with the United States under the Trade Agreements Act of 1934 toward their reduction. But those were years of deepening struggle, not of economic peace, and the great work was hampered by a thousand troubles. Now that the chief exponents of peacetime economic warfare are on the way to their defeat it is time for the United Nations to embark on a new effort.

This is agreed United Nations policy. Point Fourth of the Atlantic Charter speaks of "access, on equal terms" to trade and raw materials. Article VII of the agreements made between the

United States and many countries under the Lend-Lease Act promise "agreed action . . . open to participation by all other countries of like mind, directed to the expansion . . . of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; . . ." and Resolution 24 of the United Nations Conference on Food and Agriculture unanimously recommends "coordinated action . . . as an integral part of this program, to reduce barriers of every kind to international trade and to eliminate all forms of discriminatory restrictions thereon including inequitable policies in international transportation, as effectively and as rapidly as possible."

Agreement is thus present as to principle and policy. It remains to translate it into practice. That is not so easy as it sounds. Every country has its own kind of protection. Some, like ourselves, employ in peacetime chiefly import tariffs but with a great variety of rates. Others use embargoes, or quotas of various varieties, or restrictions on the purchase of exchange, or export taxes and restrictions. Some permit no private foreign trade at all; others have government monopolies for certain products. The restrictions that exist sometimes apply without discrimination to all foreign countries; sometimes there are preferences and differential rates. Fair common bases for reduction of so many sorts of burdens and restrictions are difficult to state and will no doubt be even harder to agree on. But it is quite important to deal with most of them at once, for each country has its own kind of protection resulting from its own peculiar problems and can hardly be expected to throw off its own peculiar armor, unless the other kinds of armor employed by other countries are thrown off at the same time. What is needed is a broad and yet detailed agreement, between at least the chief commercial nations, dealing at one time with many different sorts of trade restrictions and reducing all of them on a balanced and equitable basis. Such agreement is not reached in thirty minutes.

Clearly no substantial general reduction of wartime government controls of private commerce overseas can be expected until victory is won. We

still have a war to fight, and men and ships and goods are all still scarce. But the immediate future may well be the most auspicious time that we shall have to work towards positive arrangements, to take effect after the victory, for a general reduction of many of the standing peacetime barriers. Firms everywhere are working on war orders. They will have to reconvert to peace in any case. The way they reconvert will necessarily depend, in an important part, on the then present and prospective public regulation. If it is clear that barriers are coming down, and that foreign commerce will be freer from restrictions than it was before the war, investments will be made with that in mind, and we can properly expect a great increase in foreign trade in all directions all around the world. But if when the

war ends business sees nothing before it but restrictions, it will have to act accordingly. New infant industries, new vested interests, will then grow up behind the barriers, and we shall all be back in the old chains. The time to strike the shackles off is now.

The United Nations have found out that working together in the conduct of the war is the best way to victory. They are perfectly aware that working together in the peace is equally worth while. On a large part of the necessary program they have achieved not only agreement upon principles, but a considerable body of parallel action and of common institutions. In the matter of trade barriers agreement in principle exists. The next step is to translate it into a thorough-going common action.

Emergency Powers: Safeguards Through Police Standards

Address by ASSISTANT SECRETARY BERLE¹

[Released to the press July 22]

GENTLEMEN: The end of professional training, and entry into professional life, is a milestone in any man's career. In your case, you have just completed a postgraduate course in law enforcement. This is one of the great professions of the world. As its possibilities are increasingly recognized and developed by capable and far-seeing men, law enforcement will be seen to take its place as one of the great safeguards of American life.

It has sometimes been remarked that there is one American institution which is almost incomprehensible to any non-American. This is the institution of the American policeman. In most countries (a notable exception is Great Britain) the police system is quite usually an object of fear. Traditionally in Europe the police system was supposed to be the representative of a dominant ruler or state; and peoples steered clear of anyone connected with that system so far as they could. One of the difficulties we had with immigrants reaching our shores was to convince them that police systems here were designed to help you out of trouble rather than to get you in.

The experience of the world in the last few years has not helped to dissipate the old fears. The police, especially the secret investigating police,

became and were the principal agents in building up the Axis totalitarian despotisms. Their part, in fact, was so large that countries like Mussolini's Italy and Hitler's Germany are frequently called "police states". The police systems became a combination of internal spy organizations, political agents, economic oppressors, and meddlers even in the intimacies of family life. The methods of law enforcement which should mean justice and regulation of the not-too-easy business of living together in a crowded world were perverted into sadistic instruments of ruthless terror.

Against that background the American picture of a police system primarily interested in discovering the facts, in acquitting the innocent quite as much as in convicting the guilty, enforcing law in the common interest, and never oppression in anyone's political interest—this American picture may be held as a proud achievement of our common democracy.

It is worthwhile emphasizing, now, that the procedures of American police and investigation are really a part of the maintenance of American civil liberties. They are allied to the ideas underlying the Bill of Rights. In one sense they are even

¹ Delivered at the graduation exercises of the Federal Bureau of Investigation, Washington, July 22, 1944.

more important. The integrity and honesty of police work have to be guaranteed chiefly by the high professional standards of the men and organizations engaged in it. The courts can and do supply a great safeguard. But the primary responsibility for maintaining the American system of justice and law, as contrasted with oppression and despotism, rests on the police organizations themselves. They have to know the law to interpret its spirit faithfully. They have to do this often under great difficulties, and sometimes great provocation. They have to hew to the line, enforcing law and preventing abuses of power.

American police systems generally, and especially the Federal Bureau of Investigation, have the right to be proud of their record and especially of their record in recent years. They are living through a time now which tests to the utmost the integrity of their professional standards and their faithfulness to the American system of democratic government. This is because, in wartime especially, government has very wide powers, and officers have very wide discretion. The power and the discretion are easy to abuse, and the abuses are hard to discover and harder still to correct. But by comparative standards I think the record will show that the police system of the Government of the United States has handled these powers in general wisely and well and has been backed up in its action and in its restraint by the competent officials of this Government.

This was not easy to do. The United States is composed of many races. Nearly a quarter of the country is of German extraction. There are many millions of Italian extraction. There are at all times some millions of aliens. A specific objective of our enemies in this war was to split the United States into race blocs and particularly to organize race blocs friendly to enemy powers and hostile to the United States. From the point of view of Hitler or Mussolini, this was all to the good. If internal disturbance could be created, splendid! But a good deal would have been accomplished even without that if great blocs of the population of this country could have been induced to hate or fear or suspect their fellows in the community. The more the confusion, the better our enemies like it. If the police were unable to control the situation, this was a score for the Axis. But equally, if the police acted hysterically and, while controlling the situation, created a general

atmosphere of panic and fear, that was all to the good too, from an enemy point of view. We all of us remember that the situation was quite adequately controlled and that there was no wave of panic or fear, and that up to the present there has been far less either of sabotage or internal disturbance on the one hand, or of hysteria and panic on the other, than was the case in World War I. Some of us particularly remember the night of Pearl Harbor when, with information previously gathered, the Federal Bureau of Investigation systematically cleaned up the groups which had been organized to conduct espionage and fifth-column activities in the United States, and, in a single swift and brilliant campaign, paralyzed the Axis machinery on this continent.

This was done by sound use of emergency powers. Limits and controls over those powers could not have been set in advance. The guiding control, to prevent this power from becoming mere despotism, lay, in those tragic days, in the professional standards, wise training, and sound common sense of the men who used the powers.

Even more severe was the burden imposed by the continuing administration of war powers—administration which cannot be ended until final victory. The degree of power has to be as great as the dangers to the security of the United States, for wars are no respecters of persons; and enemies in general, and the Axis in particular, have no scruples as to the means they use. But certain principles were worked out, which have been faithfully adhered to; and these principles, generally adhered to throughout the country, deserve permanent recognition in our system.

The first principle was that war powers should be used only for war purposes—that is, for the common defense. In censorship, it has been generally agreed that that difficult and dangerous institution, admirably handled by an extremely able administrator, should be invoked only for the purpose of forwarding war aims and preventing the enemy from getting information of aid or comfort to him. So, it was justifiable to use information taken from a letter to trap a spy, but it was not justifiable to use that information for the purpose of collecting an income tax. So, it was justifiable to intern an alien for the purpose of preventing threatened communication with the enemy, but it was not justifiable to intern him because you had reason to believe he was engaged

in bootlegging. Many examples could be given. The point is that the enforcement of civilian law was handled according to civilian peacetime standards. The extraordinary war powers were used for the purpose of frustrating the enemy and nothing else.

The second was the principle that the use of war powers should be proportionate to the degree of danger; that, as the country became increasingly secure, greater caution was needed in working under war powers. The ideal of the United States is a government of laws and not of men; and the police are an instrument of law and not of individual men. Accordingly, in general, sweeping use of war powers for security purposes was made only when there was sweeping danger—as there most certainly was during the dark days following Pearl Harbor and the months when submarines torpedoed ships and landed men on our very coasts. As the strength of our armed forces pushed the enemy back to the farther side of the Pacific and to the distant opposite shore of the Atlantic, the wise discretion of American administrators, among whom I am glad to name Mr. J. Edgar Hoover, reduced the scale of action so that the measures taken were not out of proportion to the dangers which had to be met.

When victory brings peace, and as safety is at length restored, we should be able to abandon the use of these extraordinary powers, leaving the American system of enforcement of law intact and strong, with its constitutional safeguards and its guiding concern for the freedom and dignity of individuals.

This is no mean achievement, and those who have contributed to it have every right to believe that they have served their country well in the time of its greatest danger.

While the problem of direct danger from the enemy will diminish as we move toward victory, certain other problems will arise which are not easy to solve. At the close of wars the nationalist spirit in all countries is usually at its highest. Old controversies are apt to be reopened, and passions tend to run high. In the United States, there is sometimes a tendency to transfer quarrels from the Old World to the cities of this country, in which are represented almost every race and national group. Sometimes these quarrels are spontaneous; sometimes they are stimulated from abroad. The policy of the United States, as it

appears in the Federal statutes, has naturally been to try to reduce these quarrels and, if possible, to avoid them altogether. That is why, under Federal law, foreign propaganda agents are obliged to register with the Department of Justice, and foreign propaganda is supposed to be labeled so that its source can be known. That is why the Government has never recognized that any foreign country had any vested right to set up claims upon groups in the United States who were affiliated with that country by ties of blood or race. That is why the American public has generally reacted against political movements in the United States based on race blocs. And that is why, with great good sense, the overwhelming mass of Americans of recent immigration have adopted the sound principle that they should be appealed to as Americans, and not as hyphenates. These groups do not wish to be dropped back into the sterile quarrels of previous generations; still less do they wish to have any police state reach out and attempt to find them here.

For all of us this is important, because America's war effort is powerful only if it is unified. We have no interest in divisions based on accusations and counter-accusations or in movements aimed at strengthening, through direct influence on American groups, the fortunes of factions in other countries. Those disputes can best be settled before the forum of public opinion in the countries in which they belong, or, in the case of international controversies, in the greater forum of world public opinion as a whole.

In your work as law-enforcement officers you will encounter all of these problems. No one knows better than you the difficulties of holding the scales true and just and at the same time thoroughly safeguarding the internal security of the United States and the safety of several million Americans who are fighting overseas. Happily, you have had the best training this country can offer, and you have the support of a great tradition. You are waging war against crime, but you are also protecting the peaceful and the innocent. You are maintaining the security of the United States, but you are likewise repelling any who might wish to abuse the powers given you for ulterior ends. Your primary objective must be to discover the truth and not to be diverted from that essential task by any pressure. As officers, and as teachers, you have an unexampled opportunity to protect and forward the American way of life.

Liberia's Relations With the United States

By HENRY S. VILLARD¹

The traditional ties between the United States and the Republic of Liberia were brought to the fore when, on January 27, 1944, the Liberian Legislature, in recognition of the ideals for which Americans are fighting today, declared war upon Germany and Japan.² On April 10, 1944 Mr. Walter F. Walker, Liberian Consul General in New York, affixed his signature to the Declaration of the United Nations in Secretary Hull's presence, thus making his country the thirty-fifth to range itself in the common front against Axis aggression.³

Liberia's strategic position on the west coast of Africa has brought it inevitably into the orbit of modern warfare. Directly athwart the vital sea and air routes of the world, it was evident in the early phases of the conflict that the small negro republic could not escape the consequences of its geographic position. Although Liberia proclaimed a state of neutrality, it was clear where its sympathies lay. Numerous sinkings off the Liberian coast by Axis submarines led to the signing of a defense agreement with the United States and the expulsion of German nationals from the country. In the latter part of 1942 the German Consulate General was closed and its officers were requested to leave Liberia. After due consideration of Liberia's future interests and the apparent opposition of its people to Axis ideology, President Barclay submitted a recommendation to the legislature which led finally to formal entry into the struggle.

History has thus repeated itself, for in the last war, after a period of neutrality, Liberia followed the lead of the United States in joining hostilities against Germany. At that time it expelled Germans from the country, and it sent Liberian soldiers to France. In the present war the aid that Liberia has given to the Allies has taken the material form of providing landing facilities for the

steady flow of aircraft across the South Atlantic from Brazil, without which the defense of the African continent would have been virtually impossible. One of the finest airports in Africa has been constructed in Liberia, and the seaplane terminal at Fisherman Lake has become familiar to hundreds of wartime travelers between the continents.

Another factor which has contributed to Liberia's prominence in this war and one which was not present in the last war is the tangible supply of rubber. Soil and climate in Liberia are practically ideal for the production of rubber, which is more than ever an essential commodity as the needs of war increase. Plantations of the Firestone Tire and Rubber Company, started in 1926, took on immediate significance after Pearl Harbor. These plantations, which employ 25,000 native laborers and which yield, under intensive cultivation, 20,000 tons of rubber annually, form a basic part of Liberia's economy.

When the defense agreement was signed on March 31, 1942, the Government of Liberia not only granted the United States the right to operate strategic airports but it also admitted American forces to guard the installations and assist in protecting Liberian soil for the duration of the emergency.⁴ American negro troops, until recently under the command of Brigadier General P. L. Sadler, have played an active part in this task and have helped to train and strengthen Liberia's own frontier force. A direct result of their presence has been the implementation of a national road-construction program in Liberia which has a strategic military purpose and which will open the interior of the country and assist in its economic development. Such products as palm oil, palm kernels, ground nuts, wild rubber, and possibly iron ore—all of great use in the war effort—will become accessible in hitherto little-known and unexplored regions.

American money has been declared legal tender in Liberia and has officially replaced British currency, which has long been in use in the Republic.

¹ The author of this article is Chief of the Division of African Affairs, Office of Near Eastern and African Affairs, Department of State.

² BULLETIN of Feb. 5, 1944, p. 151.

³ BULLETIN of Apr. 15, 1944, p. 346.

⁴ Executive Agreement Series 275; 56 Stat. 1621.

In that way Liberia has forged a new link with the United States.

Because of the African Republic's role in the war as a part of the vital defense of the United States, Liberia was declared eligible to receive lend-lease assistance. On June 8, 1943 the two Governments signed a mutual-aid agreement in New York that gave effect to that decision.¹

The terms of this agreement have made possible the authorization of a port project which is now in its initial stages and which is destined to be of major importance to the country.² At a point to be determined by the surveys of an American company, a harbor is shortly to be constructed on Liberia's difficult coastline, and thus a dream of the Liberian Government since its declaration of independence in 1847 will be on the way to realization. The project will undoubtedly accelerate the economic progress of Liberia, and the United States stands to benefit by the acquisition of certain rights in the area designed to contribute to the security of the Western Hemisphere.

President Roosevelt's visit to Liberia following the historic Casablanca Conference early in 1943 awakened extraordinary interest on the part of Liberians, and his invitation to President Barclay to pay a return call in Washington was promptly accepted. President Barclay, whose term of office expired in January 1944, came to the United States by clipper in the spring of 1943 accompanied by President-elect W. V. S. Tubman. As guests of this Government they were entertained at the White House and were taken on a tour of some of the industrial centers of the country. During his stay in Washington President Barclay addressed a joint session of Congress.

The inauguration of President Tubman on January 3, 1944 was attended by Vice Admiral William A. Glassford, Special Representative of President Roosevelt at Dakar, and by the Honorable Lester A. Walton, American Minister in Monrovia.

Liberia is now preparing to observe a new chapter in its history to be marked in 1947 by its centenary as a nation. The wartime foundations of cooperation between the United States and Liberia in the defense of this Hemisphere will be, as time goes on, on an even firmer footing.

¹BULLETIN of June 12, 1943, p. 515.

²BULLETIN of Jan. 8, 1944, p. 38.

THE DEPARTMENT

Laurence Duggan To Leave Government Service

[Released to the press July 18]

Mr. Laurence Duggan, Director of the Office of American Republic Affairs, is leaving the Government service shortly. Mr. Norman Armour will take charge of the Office of American Republic Affairs in an acting capacity.

The Secretary of State has addressed the following letter, dated July 17, to Mr. Duggan:

DEAR MR. DUGGAN:

I realize that at my request and at considerable personal sacrifice you have remained in the Department for some months after you had informed me that you wished to leave the service of the Government in order to take up private work in which you have a particular interest. In the face of your recent renewed request, I do not feel that I can ask you to remain for a longer time. I greatly regret your departure. You have served the Department for many years with outstanding success as Chief of the Division of the American Republics, Political Adviser and Director of the Office of the American Republics. You have been of the greatest assistance to me in building up and maintaining relations of close friendship and confidence with the other American Republics. I am most appreciative of your valuable services and in expressing to you my sincere thanks I wish to add my very best wishes for your future success and happiness.

Sincerely yours,

CORDELL HULL

THE FOREIGN SERVICE

Consular Offices

The American Consulate at Hull, England, was opened to the public on July 1, 1944.

The American Consulate at Kweilin, China, was officially closed on June 25, 1944.

The American Vice Consulate at Nueva Gerona, Cuba, was closed to the public July 8, 1944.

TREATY INFORMATION

Regulation of Inter-American Automotive Traffic

Guatemala

The Director General of the Pan American Union informed the Secretary of State by a letter of July 12, 1944 that the instrument of ratification by the Government of El Salvador of the Convention on the Regulation of Inter-American Automotive Traffic, which was opened for signature at the Pan American Union on December 15, 1943, was deposited with the Pan American Union on July 6, 1944. The instrument of ratification is dated June 7, 1944.

Protocol on the Regulation of Whaling

Great Britain

The American Embassy in London transmitted to the Department of State, with a despatch of July 10, 1944, a copy of a note of July 7, 1944 from the British Foreign Office in which the Government of the United Kingdom informs the Government of the United States, in accordance with article 7 of the Protocol on the Regulation of Whaling signed at London on February 7, 1944, of the deposit on June 28, 1944 in the archives of the British Foreign Office of the instrument of ratification of that protocol by the Government of the United Kingdom of Great Britain and Northern Ireland.

Inter-American Institute of Agricultural Sciences

Costa Rica

The American Embassy at San José transmitted to the Department, with a despatch of June 15, 1944, a copy of Decree No. 29 of June 13, 1944, of the Government of Costa Rica, approving the convention for the establishment of the Inter-American Institute of Agricultural Sciences, which was opened for signature at the Pan American Union on January 15, 1944. The decree is printed in the Costa Rican *La Gaceta* of June 14, 1944.

Guatemala

The Director General of the Pan American Union informed the Secretary of State by a letter

dated July 12, 1944 that the instrument of ratification by the Government of Guatemala of the Convention on the Inter-American Institute of Agricultural Sciences was deposited with the Pan American Union on July 6, 1944. The instrument of ratification is dated May 16, 1944.

Treaty of Amity, China and Liberia

The Embassy of the United States at Chungking transmitted to the Department by a despatch of April 28, 1944 a copy of the English text of a treaty of amity between the Governments of China and Liberia signed at Paris on December 11, 1937.

PUBLICATIONS

DEPARTMENT OF STATE

Diplomatic List, July 1944. Publication 2149. ii, 123 pp. Subscription, \$1.50 a year; single copy, 15¢. Publications of the Department of State (a list cumulative from October 1, 1929). July 1, 1944. Publication 2150. iv, 31 pp. Free.

OTHER GOVERNMENT AGENCIES

The articles listed below will be found in the July 15 and 22 issues of the Department of Commerce publication entitled *Foreign Commerce Weekly*, copies of which may be obtained from the Superintendent of Documents, Government Printing Office, for 10 cents each:

"Mexico in 1943", prepared in the American Republics Unit, Bureau of Foreign and Domestic Commerce, on basis of report from L. B. Clark, Senior Economic Analyst, United States Embassy, Mexico City (issue of July 15).

"Canadian Dairy Situation Today", by Irven M. Eltreim, American Vice Consul, United States Embassy, Ottawa (issue of July 22).

LEGISLATION

Investigation of Political, Economic, and Social Conditions in Puerto Rico: Hearings Before a Subcommittee of the Committee on Insular Affairs, House of Representatives, 78th Cong., 2d sess., pursuant to H. Res. 159. Part 16, Washington, D.C., March 14, 15, 21, and 23, 1944, pp. 1371-1520. Part 17, Washington, D.C., March 24 and April 18, 1944, pp. 1521-1637. Part 18, Washington, D.C., May 11, 1944, pp. 1639-1680.

To Assist in Relieving Economic Distress in Puerto Rico and the Virgin Islands: Hearings Before the Committee on Insular Affairs, House of Representatives, 78th Cong., 2d sess., on H.R. 3777. A bill to assist in relieving economic distress in the Virgin Islands by providing work for unemployed persons, and for other purposes. Part 4, Washington, D.C., May 16 and 17, 1944, pp. 335-417.